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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

S/015/0077
1003

November 18, 2009

CERTIFIED RETURN RECEIPT
7005 2570 0000 4801 6645

Daniel Sheppard
Gold Terra, Inc.
P. O. Box 783
Price, Utah 84501

Subject: Deficient Amended Notice of Intention to Commence Small Mining Operations (NOI), GoldTerra Inc., Blue Castle Mine, S/015/0077, Emery County, Utah

Dear Mr. Sheppard:

On April 20, 2009, the Division received a proposal to conduct exploration activities within the disturbed area of the Blue Castle mine. I apologize for the time it has take to return a review, but the following items need to be adequately addressed before the Division can determine the amended NOI to be complete:

1. Please specify the depth of the holes. The amendment says the holes would be backfilled with cuttings to within 12-18 inches of the surface and that the balance would be filled with concrete. This is not in keeping with rule R647-3-108 which requires that the holes be filled with concrete to a depth of five feet, but it may be acceptable if the holes are shallow. This would be a variance that the Division would have to specifically approve.
2. Please show the total disturbed area. You are presently bonded to disturb one acre, but the map submitted with the amendment shows disturbance outside the permitted disturbed area. The bond calculation shows a disturbance of 3.04 acres.

The bond for the Blue Castle mine was originally determined in 2006 escalated to 2009 dollars, so it now needs to be updated, both for the existing disturbance and the exploration area.

Earlier this year, the Division re-calculated average per-acre reclamation costs, and these are shown in the following table.



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Small Mining Operation Notices

Project Size (Acres)	Surety 3 & 5 year escalation	Comments
1 or less acres	\$7,400 (3-year escalation) \$7,600 (5-year escalation)	Minimum amount required
Additional acres up to 5 acres	\$4,300/ acre (3-year escalation) \$4,400/acre (5-year escalation)	Partial acreages rounded up (e.g., 1.2 acres = 2 acres)
Cumulative Amount for 5-acres	(i.e. Maximum of 5 acres = \$7,400 + \$17,200 = \$24,600) (3-year escalation) (i.e. Maximum of 5 acres = \$7,600 + \$17,600 = \$25,200) (5-year escalation)	\$600.00 difference between 3 and 5 year escalation amount for 5-acres of disturbance.

As mentioned above, the permitted disturbance for the Blue Castle mine is 1.0 acres, and the required surety amount for one acre is \$7400.00 escalated for three years (2012) or \$7600.00 escalated five years (2014). Additional area would require larger bond amounts as shown in the table.

Please provide the updated surety no later than December 31, 2009. Your current surety is in the form of a certificate of deposit, and you could add to this account. You could also submit cash which the Division would deposit with the Treasurer, a surety bond, or a letter of credit. For information about submitting the bond, please contact the Division's bonding coordinator, Penny Berry, at 801-538-5291 or by e-mail at bondcoordinator@utah.gov.

The Division cannot accept the reclamation cost estimate in the submittal because it does not contain enough specific information. In order for the Division to accept a site specific reclamation cost estimate you would need to:

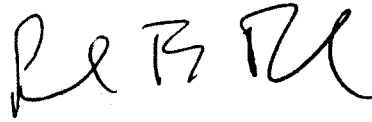
- Show the amount of material(s) that would have to be moved.
- Show haul distances and grades.
- List the type of equipment(s) that would be needed.

The surety amount could potentially be reduced if the application gave more specific information about the type of exploration and sampling that would occur. If grab samples (samples gathered by hand) were going to be the main sampling method then the Division would not require a bond on the entire site. Once you select a specific target area, the bond could be calculated based upon the target area.

Dan Sheppard
Page 3 of 3
S/015/0077
November 18, 2009

Please contact me at 801-538-5261 or Wayne Western at 801-538-5263 if you have any questions regarding this letter. In reply, please refer to file number S/015/0077.

Sincerely,

A handwritten signature in black ink, appearing to read 'P B Baker', written in a cursive style.

Paul B. Baker
Minerals Program Manager

PBB:whw:vs

cc: Chris Conrad BLM

Dan Guy, Blackhawk Engineering, 1056 W. 2060 N., Helper, UT 84526

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